



E-Commerce Across Borders: Avoiding the Legal Quicksand

January 22, 2004

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E-Commerce Across Borders

- Internet
- Collapsing trade barriers
- Business is paying decreasing attention to borders
- Are your customers?
- Are the courts?



E-Commerce Across Borders

- Recent decisions:
 - Dow Jones (Australia)
 - Yahoo (France)
 - Barcelona.com (Spain)
 - ISI International (Canada)



Dow Jones

- In December 2002, Australia's High Court found that Dow Jones could be subject to a defamation claim in Australia for information published on its website in the US
 - Dow Jones & Company, Inc. v. Glutnick



Yahoo

- Yahoo v France
 - US and French courts disagreed over right of French courts to ban Yahoo from offering Nazi memorabilia. French Court ordered Yahoo to bar access to French citizens to offending material. US Court found such restrictions in violation of 1st Amendment right to freedom of speech. French appellate court finally ruled Yahoo was not be liable under strict interpretation (Feb. 2003)

Barcelona.com

- Virginia Federal Court ruled that, *under Spanish law*, City of Barcelona had superior rights in domain name *Barcelona.com*, though city had never registered the domain name, had not registered trademark in US
- US Court of Appeals (4th Cir.) reversed (June 2003), “US courts do not entertain actions seeking to enforce trademark rights that exist only under foreign law”

Canadian firm liability

- ISI sued inventor living in Canada and Canadian law firm in US Federal Court (Illionois) for false advertising and breach of fiduciary duty
- Court of Appeals (7th Cir.) found that US Federal Courts lacked jurisdiction



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E-Commerce Across Borders

- What should we be doing?
 - BE AWARE
 - CONSIDER YOUR ACTIVITIES
 - Am I actively trying to do business across borders?
 - Do my activities have an impact across borders?
(Dow Jones case)
 - GET ADVICE



E-Commerce Across Borders

- Jurisdiction
- Contracts
- Intellectual Property
- Privacy



Jurisdiction and Choice of Law

- Conflict of Law Rules
 - Country by Country
- Contract can govern
- Web Site Activities
 - *Zippo* sliding scale
 - brochure or store



Contracts

- Agreements can be made across borders
- What happens if there is a dispute?
 - Where can it be enforced?
 - How will it be enforced?
 - How long will it take?
 - How much will it cost?



Contracts

- Trend towards uniformity
 - NAFTA, GATT
- But significant, even dramatic, differences remain
- Complete uniformity is unlikely to occur



Contracts

- Differences in laws
- Differences in legal systems
- Example:
 - Common law courts (U.S. and UK)
 - Civil law courts (most of Europe, Latin America)



Contracts

- Remedies:
 - Civil-law courts: may order equitable remedies, such as specific performance even where damages available
 - Common law courts: will order specific performance only where damages are not available
- Consideration:
 - Civil-law courts may not require consideration for the formation of a contract
 - Common law courts do require consideration
- Revocation:
 - Civil law courts will often deem an offer to be irrevocable unless otherwise specified
 - An offer is revocable under common law unless otherwise agreed

Intellectual Property

- Patents
- Trademarks
- Domain names
- Copyrights
- Trade Secrets

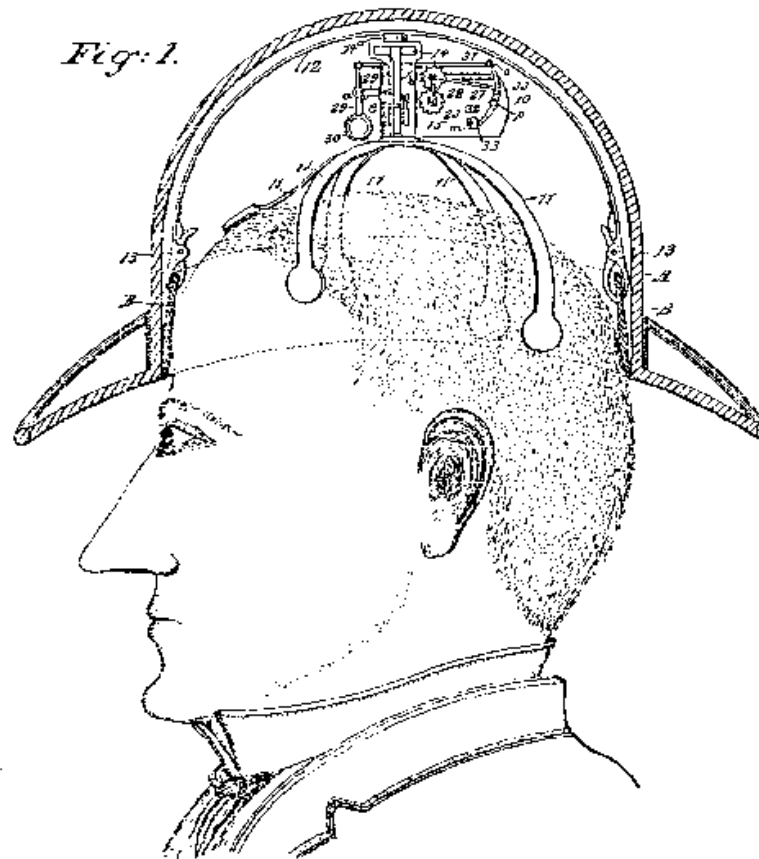


Intellectual Property

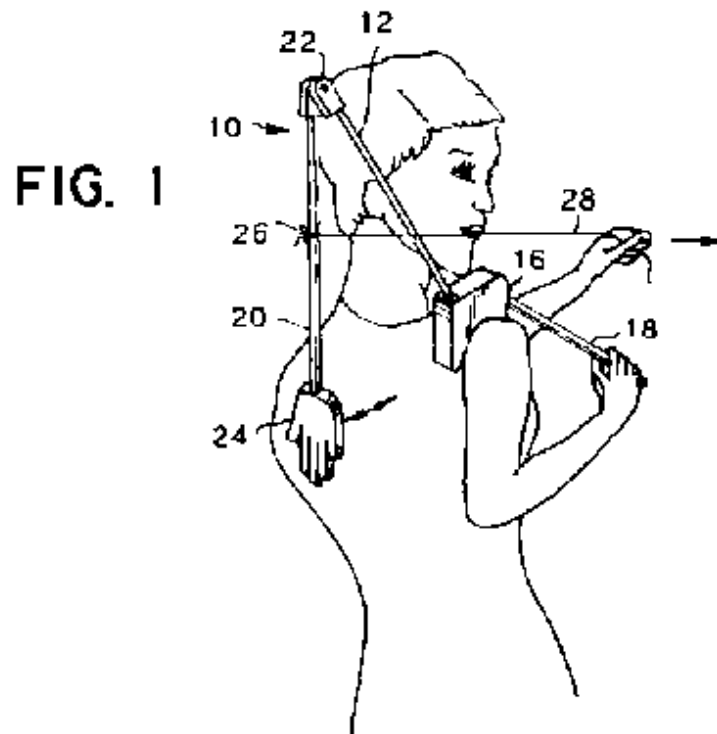
- Patents



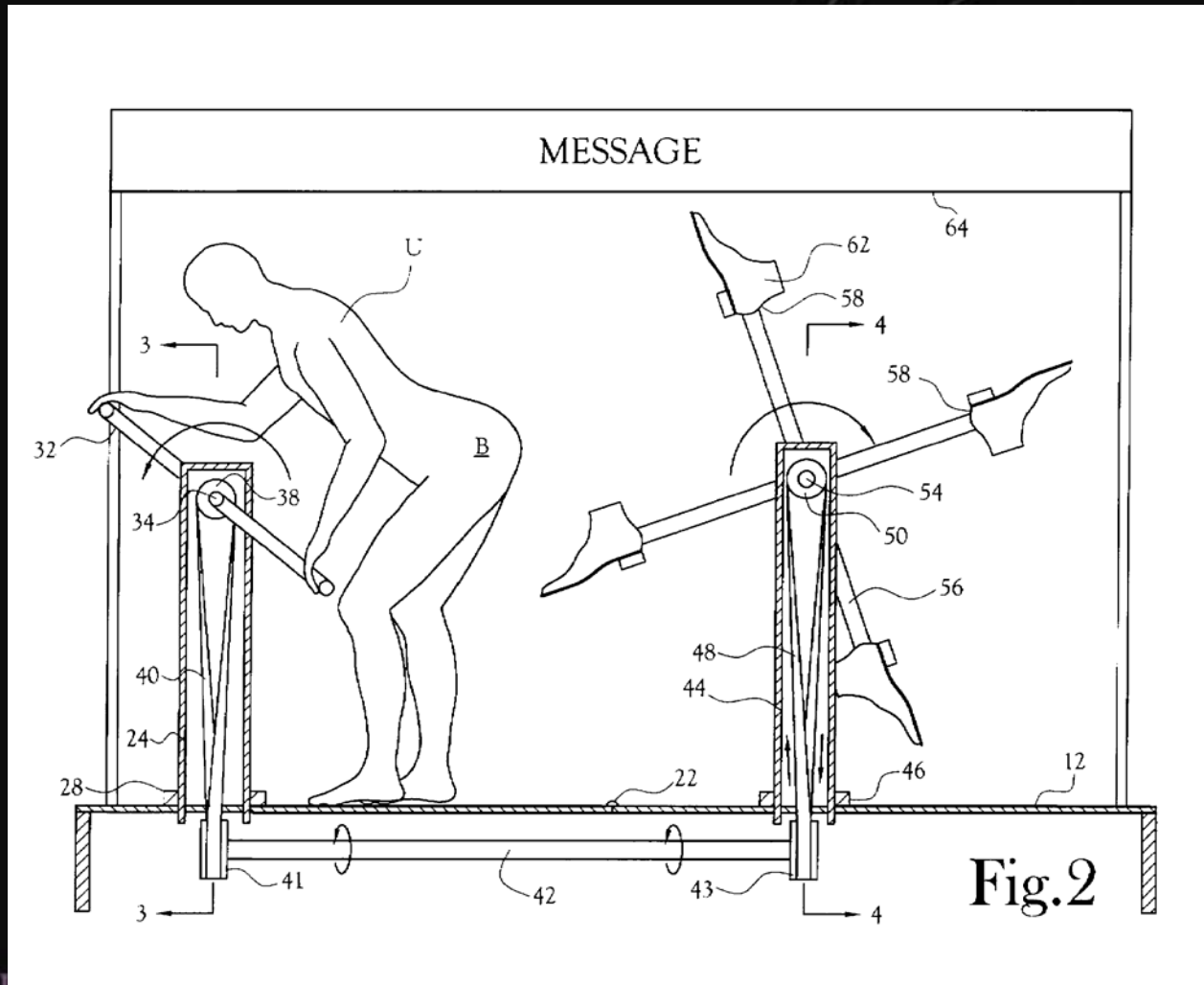
U.S. Patent 556,248 to James C. Boyle: Saluting Device



U.S. Patent 4,608,967 to Ralph R. Piro: Pat on the Back Apparatus



U.S. Patent 6,293,874 to Armstrong : “User-Operated Amusement Apparatus for Kicking the User’s Buttocks”



Intellectual Property - Patents

- Increased uniformity
- PCT
 - One application can be used for multiple countries
- Important difference: US allows filing one year after disclosure of invention

However: disclosure before filing destroys international patent rights (requirement of absolute novelty)

Intellectual Property - Trademarks

- Use vs. Registration
 - Rights in US and Canada depend upon use
 - Most other countries depend upon registration
- Madrid Protocol
 - Allows registration in multiple countries with one application
- Community Trademark
 - One registration provides rights in European Community

Intellectual Property

- Domain Names
 - Jurisdiction (Barcelona.com)
 - Register your domains
- Copyrights
 - Berne Convention – notice not required



Intellectual Property – Trade Secrets

- Increased uniformity
 - GATT, TRIPS
- Information not generally known
- That has value because it is secret,
- and is the subject of reasonable efforts to maintain secrecy
- Identify and protect



REAL LIFE

BY WISE & ALDRICH



The unmistakable sound of beans being spilled.

FAMILY CIRCUS

BY BIL KEANE



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"Whenever you know a secret,
you hafta whisper it into
somebody's ear."

Intellectual Property

- Employee, Independent Contractor and Inventors' Rights
 - Outsourcing across borders is increasingly common, but . . .
 - Who owns intellectual property created overseas and paid for by you?
 - Know employment laws, laws governing treatment of inventions, works made for hire

Privacy

- Treatment of customer information
 - U.S.
 - Opt-out
 - Rest of World
 - European Union (EU Directive, 2000)



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